WHY WE'RE HERE

Revitalization achieved but bylaw flaws blocked intended outcome.

COUNCIL'S GOAL WAS CLEAR

Revitalize downtown with new housing & commercial vibrancy.

Refer Schedule B

Section 3.3

a) The development and redevelopment of buildings used for residential purposes to increase the population density in downtown Courtenay to support commercial success;

b) The development and redevelopment of commercial buildings to create a vibrant downtown that attracts new investment opportunities and supports increased residential viability;

c) To reinforce and strengthen downtown Courtenay as the commercial heart of the Comox Valley.

A CRITICAL STEP WAS MISSING

No clear implementation instructions in the bylaw

Other communities had, or now have, procedures in place or under development – some learned from prior errors

Refer: Schedule J – Control Measures

Mission (2013)	requires staff to notify applicants of timing.
Prince George (2020)	Delegates authority to Director of Finance to empower creation of procedural guidelines and application checklists
Nanaimo (2024)	Requires signed agreement before building permit issuance
Terrace (2025)	Requires Finance Director to maintain procedures and issue written notices to eligible property owners

SILENCE FELT LIKE APPROVAL

No mandatory procedural steps enacted within the Bylaw to stipulate or enforce Council's Mandate

Section 3 of the bylaws sets out goals and
Section 4 sets out eligibility or how to reject applications.

Procedurally there is No checklist or trigger for staff to advise developers.

Reference: Staff did not advise on application procedures

Refer Schedule C
Refer Schedule F
Refer Schedule G
Refer Schedule H

TIMING CLAUSE WAS MISINTERPRETED

The clause was inserted to prevent retroactive claims.

It was not there to disqualify active projects.

THE FIX CREATES A BIGGER PROBLEM

QS work-in-place conflicts with BC Assessment valuation methodology.

Notionally, It might seem fair – **<u>It isn't</u>**

Note; **BC Assessment Rules**
During Construction:
Improvements Assessed on hard cost of work in place
Upon Occupancy:
Valuation based on vacancy, rent roll, expenses, and cap rate.
Improvements = Total value minus land value.

In a time of Unfavourable Market Conditions:
Lower rents, higher vacancy, rising interest costs & cap rates can deliver Assessed value for Improvements below fixed costs

TWO SYSTEMS DON'T FIT TOGETHER

Cost-based QS vs. income-based assessment creates distortion.

Refer Schedule B Bylaw section 2.1: Definition:

"**Revitalization Amount**" means the municipal portion of property tax calculated in relation to the increase in the assessed value of improvements on the property resulting from the construction or alterations of a project;

REAL IMPACT ON COMMUNITY

Institutions get stable tax revenue.

Residents benefit from broader tax base.

By our estimate, Palace Place Merchants will pay ~ on average $7,000 more in taxes and likely more, annually, over the next 5 years.

A SIMPLE STRUCTURAL FIX

In the event it is impossible to grant Palace Place the justified exemption for all increase in improvements on a vacant parcel of land

Please consider following the Bylaw and exempt Palace Place for the increase in Assessed Value using the Assessed Value of Improvement at application date as baseline.

ASSESSMENTS AND TAXES

Assessment and tax data for folio number 204-0093.001 is as follows:

2023 Assessments:	$ 967,000 (Land)
	$1,859,000 (Improvements)
	$2,826,000 (Total)
2022 Gross Taxes:	$16,904

Note: The assessed values to date are based on a partially complete project only so do not reflect the proposed subject project "as if complete".

Baker & Osland Appraisal (2023)

OUR ASK

Council Recognize Bylaw flaws

Amend Bylaw to include staff procedures.

Apply exemption as intended.

Endure Started with a vacant parcel of land

Endure met the goals set out in the Revitalization Bylaw

Palace Place deserves 100% of 5-year exemption on improvements